

## Message Text

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PAGE 01 STATE 277424  
ORIGIN EA-06

INFO OCT-01 SS-14 ISO-00 EB-04 INR-05 SP-02 L-01  
SSO-00 INRE-00 /033 R

DRAFTED BY EA/ROC:WALUNDY:ARCKC  
APPROVED BY EA/ROC:HJFELDMAN  
EB/ORF/FTD: WRBREW (DRAFT)  
STR: MBSMITH (DRAFT)  
DESIRED DISTRIBUTION  
STR, COMMERCE, LABOR  
-----051483 190147Z /64

O 182251Z NOV 77  
FM SECSTATE WASHDC  
TO AMEMBASSY TAIPEI IMMEDIATE

C O N F I D E N T I A L STATE 277424

LIMDIS

E.O. 11652:GDS

TAGS:ETRD, TW

SUBJECT:US/ROC TEXTILE NEGOTIATIONS

REFERENCE: (A) TAIPEI 6934  
(B) STATE 276444

1. H.K. SHAO (REF A) PRESENTED SOMEWHAT OVER-DRAMATICIZED  
VERSION OF POSITION US HAS TAKEN IN BI-LATERAL TEXTILE  
TALKS. AT OPENING SESSION, NOVEMBER 16 (NOT AT LAST  
MINUTE, AS STATED BY SHAO), US PROPOSED REDUCTION IN  
CATEGORIES 638, 639, 645 AND 646 COVERING SHIRTS AND  
SWEATERS. (FYI: ROC IS LARGEST SUPPLIER IN THESE CATEGORIES  
WITH 30.3 PERCENT OF US IMPORTS). WHEN ROC NEGOTIATORS  
TERMED THIS UNACCEPTABLE, US DELEGATION HEAD MICHAEL SMITH  
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AT BREAKFAST MEETING WITH Y.T. WONG ON NOVEMBER 18 PROPOSED  
QUOTE NO GROWTH UNQUOTE FIVE YEAR AGREEMENT WITH RESPECT  
TO THESE SENSITIVE CATEGORIES, WITH LARGER (THAN INITIALLY  
PROPOSED) INCREASES IN OTHER CATEGORIES AS COMPENSATION.  
IN THIS CONNECTION, EMBASSY SHOULD BE AWARE THAT PRESSURES  
FROM US INDUSTRY ARE QUITE INTENSE.

2. AT NO TIME DID US SIDE PUT FORWARD PROPOSALS AS QUOTE NON-NEGOTIABLE DEMANDS UNQUOTE OR ON QUOTE TAKE-IT-OR-LEAVE-IT UNQUOTE BASIS. DEADLINE OF FRIDAY, NOVEMBER 18 WAS REQUESTED BY Y.T. WONG, NOT BY US WHICH HAD PROPOSED CONTINUATION OF TALKS UNTIL NOVEMBER 22. IT NOW APPEARS CERTAIN THAT DISCUSSIONS CANNOT BE COMPLETED BEFORE EARLY NEXT WEEK AND WONG HAS AGREED TO THIS.

3. HONG KONG AND KOREA MODELS ARE NOT THE SAME, AND BOTH DIFFER FROM ROC AS WELL AS FROM EACH OTHER. HONG KONG AGREEMENT INCLUDES FIRST YEAR REDUCTION OF 6 PERCENT IN QUOTA FOR CATEGORIES 645/646.

4. AT MORNING SESSION NOVEMBER 18, Y.T. WONG SUBMITTED ROC COUNTER-OFFER OF NO GROWTH DURING FIRST TWO YEARS OF AGREEMENT, 1 PERCENT GROWTH THIRD YEAR, AND ANNUAL RATE OF 3.9 PERCENT GROWTH DURING FOURTH AND FIFTH YEARS. IT THUS MAY BE SEEN THAT QUOTE NORMAL BARGAINING UNQUOTE IS TAKING PLACE.

5. FYI: US SIDE HAS ASKED Y.T. WONG WHAT COMPENSATION ELSEWHERE IN AGREEMENT ROC WOULD DEEM ACCEPTABLE IN RETURN FOR AGREEING TO (1) REDUCTION OR (2) STANDSTILL OR (3) STANDSTILL WITHOUT FLEXIBILITY (I.E., ELIMINATION OF 6 PERCENT QUOTE SWING UNQUOTE AND QUOTE CARRY FORWARD UNQUOTE) IN SENSITIVE CATEGORIES. WONG UNDERTOOK CONFIDENTIAL

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TO CABLE TAIPEI AND PROVIDE SMITH WITH ANSWER AT BREAKFAST MEETING MONDAY, NOVEMBER 21. VANCE

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NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEXTILES, NEGOTIATIONS  
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**Decaption Date:** 22 May 2009  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Original Handling Restrictions:** LIMDIS  
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**TAGS:** ETRD, TW, US  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009